

**Opening Statement of the Honorable Sue W. Kelly
House Financial Services Committee Hearing
September 22, 2004**

I want to thank Chairman Oxley for his efforts on this critically important matter, and thanks also to Mr. Levey and Mr. Roseboro for joining us today.

We're here today because of our shared commitment to strengthening our ability to track –and take out – the financial support systems of terrorists.

Through my work as Chair of the Oversight & Investigations subcommittee, it has become evident that despite remarkable progress in three years, there remains a pressing need for continued improvements.

I very much look forward to this hearing today and to additional committee activity prior to adjournment which will enable us to make progress in achieving needed reforms.

The House, led by Chairman Oxley and a bipartisan group of Financial Services Committee members – including Mr. Royce, Mr. Gutierrez and Mrs. Maloney – took an important step last week with the overwhelming passage of our amendment giving FinCEN a \$25 million increase.

This progress must be continued.

In the coming weeks, it's imperative that the Committee substantively address the vulnerabilities of our disjointed anti-money laundering system.

The current patchwork structure whereby FinCEN is given large responsibilities for administering our anti-money laundering law but limited tools for meeting them must be reshaped to reflect the new realities of our national security.

This Committee must take the first step toward the creation of a single BSA compliance office by providing FinCEN with a well-equipped force of audit and compliance officers.

This would enable FinCEN to more effectively ride herd over the front-line regulators – to literally look over their shoulder when necessary – and would give Treasury new and better capabilities in monitoring financial sectors which are largely unfamiliar with BSA requirements.

Vigilant oversight will help us determine when additional steps should be taken toward a single compliance office.

Additional improvements within Treasury and with the regulators must also be considered. I remain concerned, for example, that the IRS is the only agency with criminal enforcement powers regarding the Bank Secrecy Act, and believe that proposals to address this matter with a small, stand-alone criminal enforcement program warrant the Committee's attention.

Given the unacceptable regulatory failures we have seen over the last year, I also encourage the Committee to adopt the “cooling off” legislation I have co-sponsored with Mr. Gutierrez, which will reinforce the need for independent financial regulators. The concept of this legislation was suggested by the Comptroller of the OCC after the agency was sluggish to take action against Riggs Bank and several high-profile employment conflicts of interest have been discovered between the agency and the bank.

In the coming days, this Committee should also focus on our ability to collect and analyze information regarding cross-border fund transfers.

As members of this Committee recall, the 9/11 Commission clearly articulated the direct relevance of international wire transfers to terror finance, and we need to do more to ensure that our wire transfer systems are not being used for illicit purposes.

I hope to work with the Committee on this matter in the coming days.

I further hope that this committee is able to address other international aspects of combating terror finance. The participation of other nations is critically important to success in so many different facets of this undertaking, and it is clearly an area where we must continue to push for progress.

I have introduced today with my colleague and one of my fellow co-chairs of the Congressional Anti-Terrorist Financing Task Force, Mr. Royce, a bill to establish an annual Treasury Department review of every nation’s efforts to combat terror finance.

Under this plan – which is based on a proposal made by the Independent Task Force on Terror Finance sponsored by the Council on Foreign Relations – countries that fall short would automatically be subject to U.S. sanctions.

This bill could provide a useful lever in dealing with sluggish allies and otherwise disinterested nations who are able to drag on the pace of our progress against terror finance.

Mr. Royce and I hope to work with other committee members in pushing for the enactment of proposals such as this which will enhance our efforts abroad.

Again, I thank the Chairman and witnesses and yield back.